

Message Text

UNCLASSIFIED

PAGE 01 LONDON 13785 01 OF 02 181402Z
ACTION EB-08

INFO OCT-01 ARA-14 EUR-12 ISO-00 ERDA-07 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 FEAE-00 FPC-01 H-02
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05
USIA-15 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-10
DOTE-00 FMC-02 CG-00 DLOS-09 IO-14 /155 W
-----082820 181426Z /45

R 181350Z AUG 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 7395
INFO AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO

UNCLAS SECTION 01 OF 02 LONDON 13785

E.O. 11652: N/A
TAGS: EWWT, IMCO, BR
SUBJECT: BRAZILIAN DIFFICULTIES WITH US INITIATIVES IN
IMCO ON MARINE OIL POLLUTION

1. SUMMARY: EMBASSY SHIPPING ATTACHE AND CAPT. J. W. KIME, US COAST GUARD, MET WITH BRAZILIAN DELEGATE TO THE IMCO INTERSESSIONAL WORKING GROUP ON TANKER SAFETY AND POLLUTION PREVENTION, CAPT. DE MELLO OF PETROBRAS, TO DISCUSS BRAZIL'S DIFFICULTIES IN AGREEING TO US PROPOSALS FOR TANKER SAFETY AND POLLUTION PREVENTION. DIFFICULTIES ARE PRINCIPALLY FINANCIAL AND FISCAL FOR PETROBRAS AND BRAZIL, ARISING BOTH FROM THE COSTS OF RETROFIT FOR ALMOST 4.5 MILLION TONS OF PETROBRAS TANKERS AND FROM THE CHANGE IN COSTS OF 2 MILLION TONS OF TANKERS UNDER TIME CHARTER. BRAZIL SEES NO WAY OF PASSING THESE INCREASED COSTS ON TO CONSUMERS WITHOUT UNACCEPTABLY HIGH SOCIAL COSTS TO THE BRAZILIAN PEOPLE. CAPT. DE MELLO SUGGESTED THAT THE US PURSUE DISCUSSIONS ON THIS MATTER WITH PETROBRAS OFFICIALS IN RIO. END SUMMARY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 13785 01 OF 02 181402Z

2. CAPT. EDUARDO BANDEIRA DE MELLO, MARITIME TRANSPORTATION ADVISER OF PETROBRAS, THE BRAZILIAN NATIONAL OIL COMPANY, STATIONED IN LONDON, HAS BEEN ACTING ALONG WITH ANOTHER PETROBRAS EMPLOYEE, MR. F. DE MEDEIROS, A CIVIL ENGINEER, AS THE BRAZILIAN DELEGATION TO THE INTERSESSIONAL WORKING GROUP ON TANKER SAFETY AND POLLUTION PREVENTION. INsofar AS THE EMBASSY HAS BEEN ABLE

TO DETERMINE, NO BRAZILIAN EMBASSY OR GOVERNMENT OFFICIAL HAS TAKEN AN ACTIVE PART IN THE IMCO CONSIDERATION OF PRESIDENT CARTER'S TANKER SAFETY AND POLLUTION PREVENTION PROPOSALS. IT APPEARS THAT THE BRAZILIAN GOVERNMENT HAS TO DATE LEFT TO THE OFFICIALS OF ITS NATIONAL OIL COMPANY REPRESENTATION OF ITS INTERESTS IN IMCO, PROBABLY ON THE BASIS THAT PETROBRAS POSSESSES THE TECHNICAL EXPERTISE TO DEAL WITH THE ISSUES AND HAS THE MOST DIRECT BRAZILIAN FINANCIAL INTEREST IN THE OUTCOME.

3. CAPT. DE MELLO MADE A FULL EXPOSITION OF THE PROBLEMS BRAZIL HAD WITH THE US PROPOSALS, PRINCIPALLY THOSE INVOLVING CHANGES IN CONSTRUCTION AND EQUIPMENT STANDARDS WHICH WOULD REQUIRE ADDITIONAL EXPENDITURES ON PETROBRAS'S 4.5 MILLION TONS OF TANKERS AND ON THE 2 MILLION TONS OF TANKERS WHICH IT HAS UNDER TIME CHARTER. PETROBRAS'S TANKER FLEET OVER 20,000 TONS CONSISTS OF THE FOLLOWING 35 SHIPS LISTED BY DEAD WEIGHT TONS; COMPLETION YEARS ARE SHOWN IN PARENTHESIS FOR THOSE UNDER CONSTRUCTION. PETROBRAS CONSIDERS ALL THE SHIPS UNDER CONSTRUCTION TO BE "EXISTING SHIPS" FOR PURPOSES OF THE 1973 OIL POLLUTION CONVENTION.

23,000 (CHEMICAL) - 2;
29,000 (PRODUCT TANKERS) - 8;
115,000 - 7;
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 13785 01 OF 02 181402Z

130,000 - 5 # 3 (78) # 3 (79) FOR TOTAL OF 11;
270,000 - L;
275,000 - 2 # 1 (78) # 3 (79) FOR TOTAL OF 6.

4. CAPT. KIME USCG EXAMINED PLANS AND CONFIGURATIONS OF VARIOUS OF THE SHIPS WITH CAPT. DE MELLO. RETROFIT COSTS FOR SEGREGATED BALLAST TANKS WOULD BE PARTICULARLY EXPENSIVE FOR THE 23,000 AND 29,000 DWT TANKERS. RETROFIT OF THE LARGER SHIPS WOULD ALSO INVOLVE MAJOR CONSTRUCTION CHANGES. DATA ON WHICH VESSELS WERE EQUIPPED WITH ADEQUATE INERT GAS SYSTEMS WAS NOT READILY AVAILABLE AND THIS QUESTION WOULD ALSO NEED TO BE PURSUED. CAPT. DE MELLO WAS INTERESTED IN US COST ESTIMATES FOR BACKUP RADAR AND COLLISION AVOIDANCE EQUIPMENT.

5. CAPT. DE MELLO STRESSED THAT BRAZIL'S ECONOMY, WHICH HAD BEEN STRONGLY AFFECTED BY WORLD RECESSION, WAS PARTICULARLY SENSITIVE TO INCREASES IN THE COST OF PETROLEUM PRODUCTS. BRAZIL HAS TO IMPORT 75 PERCENT OF ITS PETROLEUM NEEDS, AND GOVERNMENT POLICY ON PRICING OF PETROLEUM PRODUCTS HAS ATTEMPTED TO TAKE ACCOUNT OF SOCIAL AND DEVELOPMENT PRIORITIES. THE INCREASED COSTS

OF TANKER OPERATION ARISING FROM THE US INITIATIVES

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 13785 02 OF 02 181359Z

ACTION EB-08

INFO OCT-01 ARA-14 EUR-12 ISO-00 ERDA-07 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05

USIA-15 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-10

DOTE-00 FMC-02 CG-00 DLOS-09 IO-14 /155 W

-----082779 181426Z /45

R 181350Z AUG 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7396

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

UNCLAS SECTION 02 OF 02 LONDON 13785

COULD NOT READILY BE PASSED ON TO CONSUMERS; THEY WOULD RESULT IN INCREASED SOCIAL COSTS TO THE BRAZILIAN PEOPLE WHICH THE GOVERNMENT WAS OBLIGED TO TRY TO AVOID. BRAZIL WAS NOT PERHAPS AS CONCERNED, IN CAPT. DE MELLO'S OPINION, WITH THE DIRECT COSTS TO PETROBRAS OF RETROFIT ON ITS OWN VESSELS AS IT WAS WITH THE POTENTIAL INCREASE IN THE COSTS OR DECREASE IN CAPACITY OF THE 2 MILLION TONS OF TANKER CAPACITY WHICH PETROBRAS HAD UNDER TIME CHARTER. BRAZIL HAD FOLLOWED WITH GREAT INTEREST THE GREEK-ITALIAN-NORWEGIAN STUDY ON THE IMPACT OF SEGREGATED BALLAST PROPOSALS ON THE TERMS OF TIME CHARTER CONTRACTS. IN DE MELLO'S VIEW SOME WAY NEEDED TO BE FOUND SO THAT DEVELOPING COUNTRIES SUCH AS BRAZIL DID NOT SUFFER NEW ECONOMIC HARDSHIPS FROM A CHANGE IN TANKER STANDARDS.

6. CAPT. DE MELLO STRESSED BRAZIL'S NEED FOR THE TONNAGE FLOOR FOR THE US PROPOSALS TO BE RAISED SO AS TO OBIATE THE NEED FOR CONSTRUCTION CHANGES TO THEIR 23,000 AND
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 13785 02 OF 02 181359Z

29,000 DWT VESSELS. HE APPRECIATED THE US SEEKING CLARIFICATION OF THE BRAZILIAN POSITION AND SUGGESTED THAT THE US, IF IT WISHED TO PURSUE THE DISCUSSIONS, SHOULD DISCUSS THESE MATTERS WITH THE DIRECTOR OF PETROBRAS, MR. TEIXEIRA DE FREITES, WHO FOR 7 YEARS HAD BEEN THE GENERAL MANAGER OF PETROBRAS'S FLEET, AND WITH THE HEAD OF PETROBRAS'S DEPARTMENT OF TRANSPORTATION, MR. EDIMAR ACHE, BOTH OF WHOM WERE IN RIO DE JANEIRO.

STREATOR

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLLUTION CONTROL, OIL SPILLS, PLANNING MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON13785
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770298-0347
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770849/aaaabpgl.tel
Line Count: 184
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5b0e8b58-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1563658
Secure: OPEN
Status: NATIVE
Subject: BRAZILIAN DIFFICULTIES WITH US INITIATIVES IN IMCO ON MARINE OIL POLLUTION
TAGS: EWWT, BR, IMCO
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/5b0e8b58-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009